

Message Text

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PAGE 01 EC BRU 05206 231711Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EURE-00 SSO-00 NSCE-00 INRE-00
AID-05 CEA-01 CIAE-00 COME-00 EB-07 EA-07 FRB-03
INR-07 NEA-10 NSAE-00 USIA-06 OPIC-03 SP-02
TRSE-00 LAB-04 EPG-02 SIL-01 AGRE-00 OMB-01 SS-15
NSC-05 L-03 STR-04 XMB-02 PA-01 PRS-01 USIE-00
/116 W

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O 231557Z MAY 77
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 3860
INFO ALL EC CAPITLS
USMISSION OECD PARIS IMMEDIATE
USMISSION GENEVA

C O N F I D E N T I A L EC BRUSSELS 5206

OECD PARIS FOR DEPUTY ASST SECRETARY BOSWORTH

E.O. 11652: GDS
TAGS: ENRG, EEC
SUBJECT: EIEC FURTHER EC COMMENTS ON COMMON FUND AND G-19
PRIORITIES

REF (A) EC BRUSSELS 5106, (B) EC BRUSSELS 5105

1. SUMMARY. EC COUNCIL SECRETARIAT OFFICIALS INFORM US OF
BARIOUS PROPOSALS BY THE NINE REGARDING A INAL CIEC CONSENSUS ON
A COMMON FUND. IN ADDITION, THESE OFFICIALS POINT OUT SEVERAL
G-19 DEMANDS, ESPECIALLY A NEW ALLOCATION OF SDRS. END SUMMARY

2. EC COUNCIL SECRETARIAT OFFICIAL HAS INFORMED MISSION
OF CURRENT PROPOSALS REGARDING CIEC COMMON FUND DISCUSSIONS,
WHICH THE NINE WILL TAKE UP IN PARIS ON MAY 24. THE FOLLOWING
ARE FOUR PROPOSALS FOR A CONSENSUS STATEMENT ON THE COMMON
FUND: BEGIN TEXT.

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A. A SIMPLE MENTION OF THE STATEMENT OF THE ROME SUMMIT MEETING:
QUOTE: THERE SHOULD BE A COMMON FUND. UNQUOTE. THIS FORMULA
IS ACCEPTABLE TO ALL OF THE NINE. THE UK AND FRG DELEGATIONS DO
NOT WANT TO GO BEYOND THIS STATEMENT.

B. A PROPOSAL BY COMMISSION CO CHAIRMAN FOR DEVELOPMENT,

WELLENSTEIN: QUOTE: THERE SHOULD BE A COMMON FUND WITH APPROPRIATE
WAYS OF FINANCING. UNQUOTE. MOST OF THE NINE SEEM TO BE ABLE TO
ACCEPT THIS FORMULA. THE IRISH DELEGATION, HOWEVER, IS UNCERTAIN
THAT IT CAN GO THIS FAR.

C. THE FRENCH HAVE PROPOSED THE FOLLOWING TEXT: QUOTE: THE
PARTICIPATING COUNTRIES IN CIEC AGREED THAT A COMMON FUND SHOULD BE
ESTABLISHED AS A NEW MECHANISM WHICH SHALL SERVE AS ONE OF THE
MAIN INSTRUMENTS FOR ATTAINING THE OBJECTIVES OF THE INTEGRATED
PROGRAMME FOR COMMODITIES AS EMBODIED IN RESOLUTION 93 (IV)
AND FUNCTION AS A WAY OF HELPING TO MEET THE FINANCIAL NEEDS
OF THE INDIVIDUAL AGREEMENTS WHICH COULD BE SETTLED TO STABILIZE
PRICES. A NEGOTIATING CONFERENCE ON A COMMON FUND SHOULD BE HELD NO
LATER THAN NOVEMBER 1977 IN ORDER TO BE IN A POSITION TO ESTABLISH
A COMMON FUND IN PARALLEL WITH THE NEGOTIATIONS ABOUT COMMODITIES
AGREEMENTS. UNQUOTE

D. THE DUTCH DELEGATION, SUPPORTED BY THE DANES, PROPOSED THE
FOLLOWING: QUOTE: APPROPRIATE FINANCIAL RESOURCES WILL BE
CONSIDERED, WHICH SHOULD SAFEGUARD THE FUNCTION OF A COMMON
FUND AS A CATALYST FOR THE ESTABLISHMENT OF COMMODITY AGREEMENTS.
UNQUOTE

2. COUNCIL OFFICIALS ASK THAT THE US OFFICIALS PROTECT THE
CONFIDENTIALITY OF THE ABOVE INFORMATION.

3. EC COUNCIL SECRETARIAT OFFICIALS INDICATE THAT EC OFFICIALS
MET WITH PEREZ GUERRERO ON MAY 13 CONCERNING G-19 MAJOR POINTS FOR
FINAL CIEC CONSENSUS. PEREZ GUERRERO BROUGHT UP A NEW REQUEST,
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I.E., THAT THE CIEC SHOULD SUPPORT A NEW ALLOCATION OF SDRS.
THE G-19 ALSO WOULD LIKE TO HAVE A PERIODIC REVIEW OF INTER-
NATIONAL COMMODITY AGREEMENTS IN ORDER TO MAINTAIN THE REAL VALUE
OF THE PRICES OF LDC COMMODITY EXPORTS. THE G-19, ACCORDING TO
PG, IS NOT ASKING FOR THE INDEXATION OF LDC COMMODITIES.
PEREZ GUERRERO OFFERED NO COMMENT REGARDING THE THREE MAIN EC
ISSUES: A) ACCESS TO SUPPLY OF LDC RAW MATERIALS; B) PROTECTION
OF FOREIGN PRIVATE INVESTMENT IN LDCS; AND 3) CONTINUATION OF
CONSULTATIONS ON ENERGY. EC OFFICIALS SAY THAT THIS LATTER
POINT IS MOST IMPORTANT TO THE EC IN ORDER TO DEMONSTRATE TO
THE EUROPEAN PUBLIC THAT THE DIALOGUE HAS OBTAINED USEFUL
RESULTS. OTHER POINTS RAISED BY PEREZ GUERRERO HAVE INCLUDED
INCREASING THE AMOUNT OF THE SPECIAL ACTION, INVOLVING UNCTAD IN
AN INTERNATIONAL STUDY OF STABEX AND A DESIRE TO PRESS FOR FURTHER
RELIEF OF LDC DEBTS IN UNCTAD. HINTON

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